

Message Text

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CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

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FM SECSTATE WASHDC

TO AMEMBASSY VIENNA PRIORITY

INFO USMISSION GENEVA

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C O R R E C T E D C O P Y (PARA 4 INCOMPLETE)

E.O. 11652: N/A

TAGS: ETRD, AU

SUBJECT: COUNTERVAILING DUTY INVESTIGATION -- CHEESE

REF: STATE 146435

1. THE AUSTRIAN EMBASSY SUBMITTED FOLLOWING AIDE MEMOIRE
TO DEPARTMENT ON OCTOBER 2, 1975. BEGIN TEXT.

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THE EMBASSY OF THE REPUBLIC OF AUSTRIA REFERS TO THE

INVESTIGATION INSTITUTED BY THE DEPARTMENT OF THE TREASURY ON PETITIONS ASKING FOR THE IMPOSITION OF COUNTERVAILING DUTIES AGAINST CHEESE IMPORTS FROM AUSTRIA.

IN A PRELIMINARY DECISION PUBLISHED IN THE FEDERAL REGISTER OF MAY 20, 1975, THE DEPARTMENT OF THE TREASURY TENTATIVELY DETERMINED THAT PAYMENTS CONSTITUTING A BOUNTY OR GRANT UNDER THE UNITED STATES COUNTERVAILING DUTY PROVISIONS ARE BEING MADE ON AUSTRIAN CHEESE EXPORTED TO THE UNITED STATES.

WITHOUT PREJUDICE TO ITS POSITION AS TO CERTAIN QUESTIONS RAISED BY THE INVESTIGATION THE AUSTRIAN GOVERNMENT HAS TAKEN NOTE OF THE PROVISIONS CONTAINED IN SECTION 331 OF THE TRADE ACT OF 1974 REGARDING THE TEMPORARY WAIVER OF COUNTERVAILING DUTIES WHILE TRADE NEGOTIATIONS ARE IN PROCESS. THE AUSTRIAN GOVERNMENT IS OF THE OPINION THAT THE CONDITIONS SET OUT IN THESE PROVISIONS ARE MET IN THE PRESENT CASE.

IN ORDER TO SUBSTANTIALLY REDUCE OR ELIMINATE ANY POSSIBLE ADVERSE EFFECT OF THE AUSTRIAN SUBSIDIZATION SYSTEM ON UNITED STATES PRODUCERS, AUSTRIA HAS, IN A FAR-REACHING SPIRIT OF CO-OPERATION, REPEATEDLY LOWERED HER SUBSIDIES ON CHEESE EXPORTED TO THE UNITED STATES THEREBY CAUSING THE PRICE FOR THE UNITED STATES CONSUMER OF SUCH CHEESE TO RISE TO THE POINT WHERE IT IS CONSIDERABLY ABOVE THE PRICE OF UNITED STATES CHEESE OF THE SAME KIND. THE HIGH PRICE ALSO EXCLUDES THE USE OF ANY SIGNIFICANT PORTION OF AUSTRIAN CHEESE FOR FURTHER PROCESSING. AUSTRIAN QUALITY CHEESE THUS OFFERS THE AMERICAN CONSUMER AN ADDITIONAL GOURMET CHOICE WITHOUT DIRECTLY COMPETING WITH LOWER PRICED DOMESTIC CHEESE.

WITH RESPECT TO THE SECOND CONDITION SET FORTH FOR THE APPLICATION OF A WAIVER THERE IS NO QUESTION THAT A REASONABLE PROSPECT EXISTS FOR AGREEMENT TO BE REACHED ON THE NON TARIFF BARRIERS ISSUE AT THE MULTILATERAL TRADE NEGOTIATIONS ALREADY IN PROGRESS IN GENEVA. THE SUBSIDY QUESTION IS ON THE PRIORITY LIST OF THE NEGOTIATING LIMITED OFFICIAL USE

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COUNTRIES AND PROGRESS HAS ALREADY BEEN ACHIEVED ON THIS SUBJECT.

THE SATISFACTORY COMPLETION OF THESE NEGOTIATIONS, HOWEVER, IS LIKELY TO BE SERIOUSLY JEOPARDIZED BY THE IMPOSITION OF COUNTERVAILING DUTIES DURING THE NEGOTIATIONS. HENCE THE THIRD CONDITION FOR A WAIVER IS EQUALLY MET.

THE AUSTRIAN GOVERNMENT IS CONFIDENT THAT THE CASE OF AUSTRIAN CHEESE EXPORTS WILL BE SEEN IN THE SAME LIGHT AS THE IMPORTS FROM OTHER COUNTRIES CONCENTRATING ON EXPORTS OF EMMENTHALER TYPE CHEESE FOR WHICH A WAIVER OF COUNTER-VAILING DUTIES HAS ALREADY BEEN ANNOUNCED BY HIGH LEVEL UNITED STATES OFFICIALS.

THE EMBASSY WOULD APPRECIATE IF THE CONSIDERATIONS LAID OUT ABOVE WERE BROUGHT TO THE ATTENTION OF ALL UNITED STATES AUTHORITIES CONCERNED. END TEXT.

2. TREASURY IS PRESENTLY STUDYING BRIEF RECEIVED TWO WEEKS AGO FROM AUSTRIANS. POST WPLL BE INFORMED OF FURTHER DEVELOPMENTS. KISSINGER

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